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DAUINGASSI FIRST NATION  
CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

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# PAUINGASSI FIRST NATION

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MARCH 31, 2022

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Pauingassi First Nation and all the information in this annual report are the responsibility of management and have been approved by the Chief and Council.


The consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards prescribed for governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly, in all material respects.

Management is responsible for the integrity and objectivity of these statements and for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced.

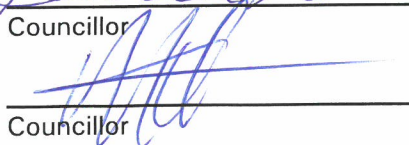
Chief and Council is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and is ultimately responsible for reviewing and approving the consolidated financial statements.

Chief and Council meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the consolidated financial statements and the external auditors' report.

The external auditors, Baker Tilly HMA LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the consolidated financial statements. The external auditors have full and free access to financial management of Pauingassi First Nation and meet when required.

  
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Chief

  
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Councillor

  
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Councillor

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Councillor

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Councillor

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## **INDEPENDENT AUDITOR'S REPORT**

To the Chief, Council and Membership  
Pauingassi First Nation

### **Opinion**

We have audited the accompanying consolidated financial statements of Pauingassi First Nation, which comprise the consolidated statement of financial position as at March 31, 2022, and the consolidated statements of operations, change in net debt and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Pauingassi First Nation as at March 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.

### **Basis for Opinion**

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Pauingassi First Nation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing Pauingassi First Nation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate Pauingassi First Nation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Pauingassi First Nation's financial reporting process.

*(continued.....)*

### **Auditor's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Pauingassi First Nation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Pauingassi First Nation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Pauingassi First Nation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Baker Tilly HMA LLP*

Chartered Professional Accountants

Winnipeg, Manitoba  
October 3, 2022

# PAUINGASSI FIRST NATION

STATEMENT 1

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

MARCH 31

2022

2021

### FINANCIAL ASSETS

Cash	\$ 6,325,974	\$ 7,562,131
Restricted cash (Note 2)	501,737	454,535
Accounts receivable (Note 3)	1,374,820	1,358,290
Inventory (Note 4)	624,043	673,591
Investments (Note 5)	<u>3,031,710</u>	<u>1,826,870</u>
	<u>11,858,284</u>	<u>11,875,417</u>

### LIABILITIES

Accounts payable and accrued liabilities (Note 6)	1,450,527	2,644,760
Deferred revenue (Note 7)	2,783,976	4,001,725
Long term debt (Note 8)	<u>8,528,322</u>	<u>9,037,665</u>
	<u>12,762,825</u>	<u>15,684,150</u>
Net debt	( 904,541)	( 3,808,733)

### NON-FINANCIAL ASSETS

Tangible capital assets (Note 9)	75,054,568	71,825,852
Prepaid expenses	<u>241,431</u>	<u>121,500</u>
	<u>75,295,999</u>	<u>71,947,352</u>
Accumulated surplus	\$ <u>74,391,458</u>	\$ <u>68,138,619</u>
Contingent liabilities (Note 10)		

Approved on behalf of Council

Chief

Councillor

Councillor

Councillor

Councillor

Councillor

# PAUINGASSI FIRST NATION

STATEMENT 2

## CONSOLIDATED STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31

	BUDGET (UNAUDITED)	2 0 2 2	2 0 2 1
<b>REVENUE</b>			
Indigenous Services Canada	\$ 14,029,362	\$ 12,820,393	\$ 14,130,885
First Nations and Inuit Health	3,144,783	3,665,060	7,652,812
Canada Mortgage and Housing Corporation	1,345,452	813,557	267,475
Employment and Social Development Canada	116,750	111,775	208,199
Province of Manitoba	60,000	60,120	111,310
Assembly of Manitoba Chiefs			366,784
Band generated revenue	2,145,336	2,593,341	1,602,556
Rental	542,112	497,668	290,427
Other revenue	1,704,412	1,560,479	980,395
Elimination of inter-department transactions	-	( 526,186)	( 587,136)
	<u>23,088,207</u>	<u>21,596,207</u>	<u>25,023,707</u>
<b>EXPENSES</b>			
Governance and administration	1,105,132	1,005,735	950,672
Social assistance	2,498,351	2,146,112	1,904,077
Education	2,671,969	2,603,197	2,098,530
Operations and maintenance	1,472,522	1,343,305	535,586
Capital and housing	6,752,486	3,356,487	3,833,221
Training and employment	183,350	130,052	208,199
Health	5,013,757	2,978,457	2,604,022
Band funds	2,667,095	2,306,209	2,857,468
Elimination of inter-department transactions	-	( 526,186)	( 587,136)
	<u>22,364,662</u>	<u>15,343,368</u>	<u>14,404,639</u>
<b>ANNUAL SURPLUS</b>	723,545	6,252,839	10,619,068
<b>ACCUMULATED SURPLUS, <i>beginning of year</i></b>	<u>68,138,619</u>	<u>68,138,619</u>	<u>57,519,551</u>
<b>ACCUMULATED SURPLUS, <i>end of year</i></b>	<u>\$ 68,862,164</u>	<u>\$ 74,391,458</u>	<u>\$ 68,138,619</u>

**CONSOLIDATED STATEMENT OF CHANGE IN NET DEBT**

**YEAR ENDED MARCH 31**

	BUDGET (UNAUDITED)	2 0 2 2	2 0 2 1
Annual surplus	\$ <u>723,545</u>	\$ <u>6,252,839</u>	\$ <u>10,619,068</u>
Acquisition of tangible capital assets and construction in progress		( <u>5,892,533</u> )	(12,131,425)
Amortization of tangible capital assets	<u>-</u>	<u>2,663,817</u>	<u>2,558,525</u>
	<u>-</u>	( <u>3,228,716</u> )	( <u>9,572,900</u> )
Acquisition of prepaid expenses		( <u>241,431</u> )	( <u>121,500</u> )
Use of prepaid expenses	<u>-</u>	<u>121,500</u>	<u>95,176</u>
	<u>-</u>	( <u>119,931</u> )	( <u>26,324</u> )
CHANGE IN NET ASSETS FOR YEAR	723,545	<b>2,904,192</b>	1,019,844
NET DEBT, <i>beginning of year</i>	( <u>3,808,733</u> )	( <u>3,808,733</u> )	( <u>4,828,577</u> )
NET DEBT, <i>end of year</i>	\$ ( <u>3,085,188</u> )	\$ ( <u>904,541</u> )	\$ ( <u>3,808,733</u> )



**CONSOLIDATED STATEMENT OF CASH FLOWS**
**YEAR ENDED MARCH 31**

	<b>2 0 2 2</b>	<b>2 0 2 1</b>
<b>CASH FLOW FROM</b>		
<b>OPERATING ACTIVITIES</b>		
Cash received from Indigenous Services Canada	\$ 10,680,293	\$ 13,272,225
Cash received from other sources	8,476,795	10,544,276
Cash paid to suppliers and employees	( 13,944,167)	( 10,185,362)
	<u>5,212,921</u>	<u>13,631,139</u>
<b>CAPITAL TRANSACTIONS</b>		
Acquisition of tangible capital assets	( 5,892,533)	( 12,131,425)
<b>INVESTING ACTIVITY</b>		
South Beach Casino income distribution received	<u>-</u>	<u>211,832</u>
<b>FINANCING ACTIVITIES</b>		
Proceeds from long term debt	1,146,365	1,529,027
Repayment of long term debt	( 1,655,708)	( 544,921)
	<u>( 509,343)</u>	<u>984,106</u>
<b>NET INCREASE (DECREASE) IN CASH DURING YEAR</b>	<b>( 1,188,955)</b>	<b>2,695,652</b>
<b>CASH, beginning of year</b>	<b><u>8,016,666</u></b>	<b><u>5,321,014</u></b>
<b>CASH, end of year</b>	<b>\$ <u>6,827,711</u></b>	<b>\$ <u>8,016,666</u></b>
<b>CASH COMPRISED OF</b>		
Cash	\$ 6,325,974	\$ 7,562,131
Restricted cash	<u>501,737</u>	<u>454,535</u>
	<b>\$ <u>6,827,711</u></b>	<b>\$ <u>8,016,666</u></b>

### 1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards for governments, as defined by the CPA Canada Public Sector Accounting Handbook, which encompasses the following principles:

#### *REPORTING ENTITY*

The consolidated financial statements report the financial activities of all entities and departments comprising the reporting entity of Pauingassi First Nation.

The First Nation has consolidated assets, liabilities, revenue and expenses of the following entities and departments:

- Pauingassi First Nation Operating Fund
- Pauingassi First Nation Housing Authority
- Pauingassi First Nation Care Home
- Pauingassi First Nation Educational Authority Inc.
- Pauingassi First Nation Health Authority
- Pauingassi First Nation Gas Bar & Store

All inter-entity balances have been eliminated on consolidation; however, transactions between departments have not been eliminated in order to present the results of operations for each specific department.

Pauingassi First Nation business entities owned or controlled by the First Nation's Chief and Council but not dependent on the First Nation for their continuing operations and government partnerships are included in the financial statements using the modified equity method. Under the modified equity method, the equity method of accounting is modified only to the extent that the business entity accounting principles are not adjusted to conform to those of the First Nation. Thus, the First Nation's investment in these entities is recorded at acquisition cost and is increased for the proportionate share of post acquisition earnings and decreased by post acquisition losses and distributions received. Entities accounted for by the modified equity basis include:

- South Beach Casino Limited Partnership
- Pauingassi First Nation Construction Inc.

#### *ASSET CLASSIFICATION*

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale. Non-financial assets include tangible capital assets and prepaid expenses.

#### *INVENTORY*

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)**INVESTMENTS*

Portfolio investments are recorded at fair market value. Pauingassi's investments in various commercial enterprises are accounted for using the modified equity method. Under the modified equity method, the cost of the investments are adjusted for Pauingassi's share of the commercial enterprises' income or loss less dividends.

*NET DEBT*

The First Nation's financial statements are presented so as to highlight net debt as the measurement of financial position. The net assets (debt) of the First Nation is determined by its financial assets less liabilities. Net assets (debt) combined with non-financial assets comprises a second indicator of financial position, accumulated surplus.

*TANGIBLE CAPITAL ASSETS*

Tangible capital assets are stated at cost and recorded in the capital assets. Social housing assets acquired under Canada Mortgage and Housing Corporation sponsored programs are amortized over their estimated useful lives at a rate equivalent to the annual principal reduction in the related long term debt. Amortization of tangible capital assets is recorded on a straight line basis at the following annual rates;

Buildings	2 - 5%
Computers and software	20%
Equipment	5 - 20%
Housing	2.5 %
Roads	2%
Water and sewer systems	2%
Vehicles	10 - 20%

Amortization is computed at one-half of the annual amortization in the year of acquisition.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the First Nation's ability to provide goods or services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the consolidated statement of operations.

Contributed tangible capital assets are recorded into revenues at their fair value on the date of donation, except in circumstances where fair value cannot reasonably be determined, in which case they are recognized at nominal value. Transfers of tangible capital assets from related parties are recorded at carrying value.

Certain assets which have historical or cultural value, including works of art, historical documents and historical and cultural artifacts are not recognized as tangible capital assets. Assets under construction are not amortized until the asset is available to be put into service.

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS****MARCH 31, 2022**

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**1. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES *(continued)******REVENUE RECOGNITION***

All revenue is recorded on the accrual basis whereby amounts received or recorded as receivable but not earned by the end of the fiscal year are recorded as deferred revenue.

Funding received under the terms of contribution agreements with the federal government is recognized as revenue once eligibility criteria have been met. Funding is recorded as deferred revenue if it has been restricted by the federal government for a stated purpose, such as a specific program or the purchase of tangible capital assets. Deferred revenue is recognized in revenue over time as the recognition criteria are met.

***SEGMENTS***

Pauingassi First Nation conducts its business through a number of reportable segments. These operating segments are established by management to facilitate the achievement of Pauingassi First Nation's long-term objectives to aid in resource allocation decisions, and to assess operational performance.

***FINANCIAL INSTRUMENTS***

Financial instruments include cash, accounts receivable, investments, accounts payable and accrued liabilities and long term debt. Unless otherwise stated, it is management's opinion that the First Nation is not exposed to significant interest, currency, or credit risks arising from these financial instruments. Unless otherwise stated, the carrying value of the First Nation's financial assets and liabilities approximates their fair value.

***FAIR VALUE***

Due to the short term nature of all financial instruments other than long term debt and long term investments, the carrying value as presented in the financial statements are reasonable estimates of fair value. Management has estimated fair value by reference to established financial markets. As is true for all estimates, actual fair value could differ from this estimate, and if so any difference would be accounted for in the period in which it becomes known. For long term investments and long term debt it is not practicable within constraints of timeliness or cost to determine the fair value with sufficient reliability because the instruments are not traded in an organized financial market.

***USE OF ESTIMATES***

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of certain assets and liabilities at the date of financial statements and the reported amounts of certain revenue and expenses during the year. Actual results could differ from those estimates.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

## 2. RESTRICTED CASH

*INDIGENOUS SERVICES CANADA TRUST*

Capital trust monies are derived from non-renewable resource transactions on the sale of lands or other First Nation capital assets. Capital trust monies are expended on the authorization of the Minister, with the consent of the First Nation Council. Revenue trust monies are generated primarily through land-leasing transactions or interest earned on deposits in the Consolidated Revenue Fund of the Government of Canada. Revenue trust monies are, in most cases, managed and expended under the provisions of the Indian Act.

*REPLACEMENT RESERVE*

Under the terms of the operating agreements with CMHC, the Replacement Reserve is to be credited with an annual allocation of \$46,681. These funds, along with accumulated interest, must be held in a separate bank account and/or invested in accounts or instruments insured by the Canada Deposit Insurance Corporation or as may otherwise be approved by CMHC from time to time. The funds in the account may only be used as approved by CMHC. Expenditures are charged to accumulated interest first and then to principal. As of March 31, 2022 there is an accumulated balance of \$477,965 for this reserve, there is \$499,922 in the replacement reserve bank account and the reserve is overfunded by \$21,957 as of March 31, 2022.

At the end of the year, the restricted cash consisted of the following balances:

	2 0 2 2	2 0 2 1
Indigenous Services Canada Trust	\$ 1,815	\$ 1,780
CMHC Replacement Reserve	<u>499,922</u>	<u>452,755</u>
	<u>\$ 501,737</u>	<u>\$ 454,535</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

## 3. ACCOUNTS RECEIVABLE

	2 0 2 2	2 0 2 1
Indigenous Services Canada		
Preparedness/ Mitigation	\$ 11,500	\$ 11,500
School Renovation Project		90,927
Safe Return to School	3,183	
Education	26,825	
School Generator Project	610,000	
Basic Needs	26,100	62,000
Response - Covid 19		22,976
Landfill	170,957	
Emergency Evacuation	155,745	
First Nation Inuit Health		100,487
Assembly of Manitoba Chiefs		248,211
Canada Mortgage and Housing Corporation	8,923	8,923
Goods and services tax	36,044	36,044
Norwin Construction		20,982
Northwest Company		41,531
Province of Manitoba		196,918
South East Resource and Development		64,471
Trade and other receivables	<u>334,354</u>	<u>462,131</u>
	<u>1,383,631</u>	<u>1,367,101</u>
Less: Allowance for doubtful accounts	<u>( 8,811)</u>	<u>( 8,811)</u>
	<u>\$ 1,374,820</u>	<u>\$ 1,358,290</u>

## 4. INVENTORY

	2 0 2 2	2 0 2 1
Fuel	\$ 283,065	\$ 232,613
Gravel	<u>340,978</u>	<u>440,978</u>
	<u>\$ 624,043</u>	<u>\$ 673,591</u>

## 5. INVESTMENTS

	2 0 2 2	2 0 2 1
Pauingassi First Nation Construction Inc.	\$ 4,109	\$ 4,358
South Beach Casino LP	<u>3,027,601</u>	<u>1,822,512</u>
	<u>\$ 3,031,710</u>	<u>\$ 1,826,870</u>

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**
**MARCH 31, 2022**
**6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	2 0 2 2	2 0 2 1
Indigenous Services Canada		
Basic Needs	\$ 55,521	\$ 87,781
Accrued liabilities	668,940	53,291
Capital project payables	726,066	800,854
Trade and other payables	<u>1,450,527</u>	<u>1,702,834</u>
	<u>\$ 1,450,527</u>	<u>\$ 2,644,760</u>

**7. DEFERRED REVENUE**

	2 0 2 2	2 0 2 1
Indigenous Services Canada		
Basic Needs	\$ 227,936	\$ 387,100
Housing Project - 8 Units		
Housing Renovations	588,000	
Housing Repairs	94,400	200,000
Infrastructure Construction Landfill	31,268	1,570,764
Water Plant Expansion	610,000	
School Renovations	53,571	770,504
First Nations and Inuit Health		
Health Centre Project	537,471	1,073,357
Medical Transportation	109,330	
Canada Mortgage and Housing Corporation	<u>532,000</u>	<u>-</u>
	<u>\$ 2,783,976</u>	<u>\$ 4,001,725</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

## 8. LONG TERM DEBT

	2 0 2 2	2 0 2 1
Mortgage payable to CMHC, 0.68%, repayable in monthly installments of \$4,235 (P&I), due October 2025.	\$ 391,586	\$ 439,569
Mortgage payable to CMHC, 2.48%, repayable in monthly installments of \$2,010 (P&I), due August 2023.	235,197	253,270
Mortgage payable to CMHC, 2.48%, repayable in monthly installments of \$3,225 (P&I), due August 2023.	379,810	408,748
Mortgage payable to CMHC, 1.01%, repayable in monthly installments of \$2,179 (P&I), due August 2026.	337,530	360,660
Mortgage payable to CMHC, 1.67%, repayable in monthly installments of \$2,142 (P&I), due July 2024.	375,519	394,798
Mortgage payable to CMHC, 0.86%, repayable in monthly installments of \$1,686 (P&I), due August 2022.	370,290	386,310
Mortgage payable to CMHC, 2.39%, repayable in monthly installments of \$3,231 (P&I), due March 2023.	640,445	663,684
Mortgage payable to CMHC, 2.21%, repayable in monthly installments of \$2,687 (P&I), due February 2024.	560,166	579,848
Mortgage payable to CMHC, 0.80%, repayable in monthly installments of \$3,350 (P&I), due May 2025.	850,008	883,273
Term loan payable to First Nations Bank of Canada, prime plus 1.25%, repayable in annual installments of \$61,000 plus interest, due May 2021.		61,000
Term loan payable to First Nations Bank of Canada, prime plus 1.5%, repayable in annual installments of \$100,000 plus interest, due May 2022.	85,000	185,000
Term loan payable to First Nations Bank of Canada, prime plus 1.5%, repayable in annual installments, due April 2021.		
Term loan payable to First Nations Bank of Canada, prime plus 1.5%, repayable in annual installments, due April 2021.		
Term loan payable to First Nations Bank of Canada, 4.38%, repayable in monthly installments of \$4,785 (P&I), due June 2024.	553,969	587,430
Term loan payable to First Nation Bank of Canada, prime plus 1.25%, repayable in annual installments of \$35,000 plus interest, due December 2022.	35,000	70,000
Term loan payable to First Nation Bank of Canada, prime plus 1.25%, repayable in annual installments of \$50,000 plus interest, due December 2038.	800,000	850,000



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

8. LONG TERM DEBT *(continued)*

Term loan payable to First Nations Bank of Canada, prime plus 1.25%, repayable in annual installments of \$35,000 plus interest, due December 2024.

90,000 125,000

Term loan payable to First Nations Bank of Canada, 4.55%, repayable in annual installments of \$52,025 plus interest, due March 2026.

988,475 1,040,500

Term loan payable to First Nations Bank of Canada, 4.55%, repayable in monthly installments of \$3,550 (P&I), due March 2026.

539,942 558,500

Term loan payable to First Nations Bank of Canada, 4.55%, repayable in annual installments of \$10,555 plus interest, due March 2026.

200,545 211,100

Demand loan payable to First Nations Bank of Canada, prime plus 1.50%, repayable in annual installments of \$51,525 plus interest from South Beach Casino dividends, due December 2024.

978,975

Term loan payable to First Nations Bank of Canada, 5.20%, repayable in annual installments of \$51,525 plus interest, due December 2024.

927,450

Demand loan payable to First Nations Bank of Canada, 5.80%, repayable in annual installments plus interest, due April 2022.

167,390 -

\$ 8,528,322 \$ 9,037,665

Mortgages payable to Canada Mortgage and Housing Corporation are secured by the specific assets financed and a ministerial guaranteed by Indigenous Services Canada.

The aggregate of payments required in each of the next five years to meet retirement provisions is estimated to be as follows:

March 31, 2023	\$ 681,381
2024	401,083
2025	393,404
2026	380,962
2027	388,766

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

## 9. TANGIBLE CAPITAL ASSETS

	Cost				Accumulated Amortization			Net Book Value	
	Opening Balance	Additions	Transfers	Closing Balance	Opening Balance	Amortization	Closing Balance	Total 2022	Total 2021
Buildings	24,549,233	\$ 1,238,785	\$	\$ 25,788,018	\$ 7,419,741	\$ 546,412	\$ 7,966,153	\$ 17,821,865	\$ 17,129,495
Construction in progress	7,826,229	4,367,959	( 1,828,600)	10,365,588				10,365,588	7,826,229
CMHC Housing	6,983,150			6,983,150	1,630,198	229,609	1,859,807	5,123,343	5,352,951
Computer equipment	345,412	15,030		360,442	334,834	9,066	343,900	16,542	10,577
Fuel Storage Tanks		28,000		28,000		5,600	5,600	22,400	
Furniture and equipment	131,873	36,192		168,065	119,511	6,844	126,355	41,710	12,362
Heavy equipment	1,030,787	49,485		1,080,272	387,981	102,670	490,651	589,621	642,806
Housing	25,381,058		1,828,600	27,209,658	13,330,062	724,237	14,054,299	13,155,359	12,050,995
Roads	1,213,242			1,213,242	570,247	23,861	594,108	619,134	642,995
Sewer systems	15,293,938			15,293,938	1,849,839	371,388	2,221,227	13,072,711	13,444,099
Vehicles	2,922,486	157,082		3,079,568	2,074,547	246,419	2,320,966	758,602	847,939
Water system	16,507,983	-	-	16,507,983	2,642,579	397,711	3,040,290	13,467,693	13,865,404
	<u>\$ 102,185,391</u>	<u>\$ 5,892,533</u>	<u>\$ -</u>	<u>\$ 108,077,924</u>	<u>\$ 30,359,539</u>	<u>\$ 2,663,817</u>	<u>\$ 33,023,356</u>	<u>\$ 75,054,568</u>	<u>\$ 71,825,852</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

## 10. CONTINGENT LIABILITIES

The First Nation receives funding from various government agencies based on specified program needs and budgets and allocates certain expenses to the various programs. In many cases the funding agent has the right to review the accounting records to ensure compliance with the terms and conditions of their agreements. At this time no estimate of the requirements, if any, to reimburse the agencies can be made. For accounting purposes any amounts assessed or claims paid will be accounted for in the year of determination.

## 11. RECONCILIATION OF INDIGENOUS SERVICES CANADA REVENUE

	2 0 2 2	2 0 2 1
Arrangement No. 2021-MB-000027	\$ 14,775,203	\$ 12,449,650
Plus: Revenue deferred from previous years	4,001,725	4,590,693
Prior year Basic Needs top-up funding		18,910
Less: Revenue deferred to subsequent year	( 2,251,976)	( 2,928,368)
I.S.C. Recoveries	( 39,499)	-
Total I.S.C. & F.N.I.H. Revenue Per Financial Statements	<u>16,485,453</u>	<u>14,130,885</u>
Arrangement No. 1617-MB-000019		3,114,293
Plus: Revenue deferred from previous years		628,926
Health Centre Project funding directed to Shawano Consulting		4,982,950
Less: Revenue deferred to subsequent year	<u>-</u>	<u>( 1,073,357)</u>
Total F.N.I.H. Revenue Per Financial Statements	<u>-</u>	<u>7,652,812</u>
TOTAL I.S.C. AND F.N.I.H. REVENUE PER FINANCIAL STATEMENTS	\$ <u>16,485,453</u>	\$ <u>21,783,697</u>
REVENUE PER STATEMENT OF OPERATIONS (Statement 2)		
Indigenous Services Canada	\$ 12,820,393	\$ 14,130,885
First Nations and Inuit Health	<u>3,665,060</u>	<u>7,652,812</u>
	\$ <u>16,485,453</u>	\$ <u>21,783,697</u>

## 12. ECONOMIC DEPENDENCE

Pauingassi First Nation receives a major portion of its revenue pursuant to funding arrangements with Indigenous Services Canada and First Nations and Inuit Health Branch.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

## 13. EXPENSES BY OBJECT

	2 0 2 2	2 0 2 1
Administration fees	\$ 615,883	\$ 335,058
Amortization of capital assets	2,663,817	2,558,525
Community events and assistance	1,089,299	1,174,820
Equipment and supplies	1,436,922	618,403
Fuel	648,449	413,193
Insurance	187,804	147,089
Interest on long term debt	314,649	291,981
Loss on investments	249	989,720
Other	283,350	131,205
Professional fees	684,755	576,483
Rent	62,400	139,014
Repairs and maintenance	747,203	1,216,937
Salaries and benefits	4,840,063	4,283,229
Social assistance	1,863,337	1,701,544
Telephone	5,262	
Travel	219,386	199,264
Utilities	206,726	215,310
Eliminations	( 526,186)	( 587,136)
	<u>\$ 15,343,368</u>	<u>\$ 14,404,639</u>

## 14. COVID-19

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in a widespread health crisis that has affected economies and financial markets around the world resulting in economic downturn. This outbreak may also cause staff shortages, reduced demand, increased government regulations or interventions, all of which may negatively impact the financial condition or results of operations of the First Nation. The duration and impact of the COVID-19 outbreak is unknown at this time and it is not possible to reliably estimate the length and severity of these developments.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

## 15. SEGMENT DISCLOSURE

Pauingassi First Nation provides a range of services to its members. For management reporting purposes, operations and activities are reported by department. For each segment separately reported, the segment revenue and expenses represent both amounts that are directly attributable to the segment and amounts that are allocated on a reasonable basis. The presentation by segment is based on the same accounting policies as described in the summary of Significant Accounting Policies as described in Note 1. The segment results for the year are as follows:

	GOVERNANCE AND ADMINISTRATION		SOCIAL ASSISTANCE		EDUCATION		OPERATIONS AND MAINTENANCE		CAPITAL AND HOUSING	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues										
Federal Government										
ISC	\$ 977,973	\$ 887,722	\$ 2,366,410	\$ 2,165,223	\$ 3,043,326	\$ 2,352,882	\$ 1,506,547	\$ 590,463	\$ 4,669,991	\$ 7,581,445
FNIH									535,886	3,909,593
CMHC	-	-	-	-	-	-	-	-	813,557	267,475
Subtotal	977,973	887,722	2,366,410	2,165,223	3,043,326	2,352,882	1,506,547	590,463	6,019,434	11,758,513
Other revenue	<u>202,308</u>	<u>140,097</u>	<u>-</u>	<u>-</u>	<u>223,514</u>	<u>13,681</u>	<u>117,172</u>	<u>71,642</u>	<u>239,948</u>	<u>343,506</u>
Total revenue	<u>1,180,281</u>	<u>1,027,819</u>	<u>2,366,410</u>	<u>2,165,223</u>	<u>3,266,840</u>	<u>2,366,563</u>	<u>1,623,719</u>	<u>662,105</u>	<u>6,259,382</u>	<u>12,102,019</u>
Expenses										
Amortization									2,658,217	2,558,525
Debt servicing									128,605	71,508
Other	551,325	456,421	1,968,595	1,788,237	926,429	635,992	970,648	240,188	429,956	1,124,398
Salaries and benefits	<u>454,410</u>	<u>494,251</u>	<u>177,517</u>	<u>115,840</u>	<u>1,676,768</u>	<u>1,462,538</u>	<u>372,657</u>	<u>295,398</u>	<u>139,710</u>	<u>78,790</u>
Total expenses	<u>1,005,735</u>	<u>950,672</u>	<u>2,146,112</u>	<u>1,904,077</u>	<u>2,603,197</u>	<u>2,098,530</u>	<u>1,343,305</u>	<u>535,586</u>	<u>3,356,488</u>	<u>3,833,221</u>
Surplus (Deficit)	<u>\$ 174,546</u>	<u>\$ 77,147</u>	<u>\$ 220,298</u>	<u>\$ 261,146</u>	<u>\$ 663,643</u>	<u>\$ 268,033</u>	<u>\$ 280,414</u>	<u>\$ 126,519</u>	<u>\$ 2,902,894</u>	<u>\$ 8,268,798</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

MARCH 31, 2022

15. SEGMENT DISCLOSURE (continued)

	TRAINING AND EMPLOYMENT		HEALTH		BAND FUNDS		ELIMINATIONS		TOTAL	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Revenues										
Federal Government										
ISC	\$	\$ 18,277	\$ 256,146	\$ 534,873	\$	\$	\$	\$	\$ 12,820,393	\$ 14,130,885
FNIH			3,129,174	3,743,219					3,665,060	7,652,812
CMHC									813,557	267,475
ESDC	<u>111,775</u>	<u>208,199</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>111,775</u>	<u>208,199</u>
Subtotal	111,775	226,476	3,385,320	4,278,092	-	-	-	-	17,410,785	22,259,371
Other revenue	<u>-</u>	<u>366,784</u>	<u>236,865</u>	<u>166,084</u>	<u>3,691,801</u>	<u>2,249,678</u>	<u>( 526,186)</u>	<u>( 587,136)</u>	<u>4,185,422</u>	<u>2,764,336</u>
Total revenue	<u>111,775</u>	<u>593,260</u>	<u>3,622,185</u>	<u>4,444,176</u>	<u>3,691,801</u>	<u>2,249,678</u>	<u>( 526,186)</u>	<u>( 587,136)</u>	<u>21,596,207</u>	<u>25,023,707</u>
Expenses										
Amortization					5,600				2,663,817	2,558,525
Debt servicing					186,044	220,473			314,649	291,981
Other	23,861	32,142	1,344,415	1,133,762	1,835,795	2,446,900	( 526,186)	( 587,136)	7,524,839	7,270,904
Salaries and benefits	<u>106,191</u>	<u>176,057</u>	<u>1,634,042</u>	<u>1,470,260</u>	<u>278,769</u>	<u>190,095</u>	<u>-</u>	<u>-</u>	<u>4,840,064</u>	<u>4,283,229</u>
Total expenses	<u>130,052</u>	<u>208,199</u>	<u>2,978,457</u>	<u>2,604,022</u>	<u>2,306,208</u>	<u>2,857,468</u>	<u>( 526,186)</u>	<u>( 587,136)</u>	<u>15,343,368</u>	<u>14,404,639</u>
Surplus (Deficit)	<u>\$ ( 18,277)</u>	<u>\$ 385,061</u>	<u>\$ 643,728</u>	<u>\$ 1,840,154</u>	<u>\$ 1,385,593</u>	<u>\$ ( 607,790)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,252,839</u>	<u>\$ 10,619,068</u>